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A Report to the Montana Legislature

Financial-Related Audit

Montana State University (All Campuses)

For the Two Fiscal Years Ended June 30, 2007

October 2007

Legislative Audit Division

07-13

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Government Auditing Standards, the Single Audit Act Amendments of 1996 and OMB Circular A-133 require the auditor to issue certain financial, internal control, and compliance reports. This individual agency audit report is not intended to comply with these reporting requirements and is therefore not intended for distribution to federal grantor agencies. The Legislative Audit Division issues a statewide biennial Single Audit Report which complies with the above reporting requirements. The Single Audit Report for the two fiscal years ended June 30, 2007, will be issued by March 31, 2008. The Single Audit Report for the two fiscal years ended June 30, 2005, was issued on March 6, 2006. Copies of the Single Audit Report can be obtained by contacting:

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October 2007

The Legislative Audit Committee
of the Montana State Legislature:

This is our report on the financial-related audit of Montana State University (all campuses) for the two fiscal years ended June 30, 2007. The financial-related audit focuses on compliance with federal requirements of the Research and Development and Student Financial Aid federal assistance programs. Tests of controls and compliance over requirements for these programs constitute an integral part of the testing required to support the Single Audit report for the two fiscal years ended June 30, 2007. We also test compliance with selected state laws, university policies, and state accounting procedures.

This report includes recommendations to identify and replace land grant income expended in violation of federal legal restrictions, to amend termination policy to safeguard university assets, to complete and document criminal background checks, to increase security of documents with confidential information, and to improve controls over automotive program job cost procedures.

We thank the president and university staff for their assistance and cooperation during the audit.

Respectfully submitted,

Scott A. Seacat
Legislative Auditor

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For further information on the Montana State University (all campuses), contact:

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REPORT SUMMARY

Montana State University All Campuses

We performed a financial-related audit of Montana State University (all campuses), for the two fiscal years ended June 30, 2007. This report contains five recommendations relating to land grant income, termination procedures, criminal background checks, confidential records disposal, and automotive job cost procedures.

The listing below serves as a means of summarizing the recommendations contained in the report, the department's response thereto, and a reference to the supporting comments.

Recommendation #1

We recommend the university:

A. Develop a plan to restore the funding for MSU-Bozeman lost through transfers of land grant income to campuses other than MSU-Bozeman.

B. Continue tracking disbursements of land grant income to limit its use to support only MSU-Bozeman, as required by federal law. 6

University Response: Will Implement A-4

Recommendation #2

We recommend the university:

A. Revise its termination policy at MSU-Bozeman to assign staff the responsibility for review of employee completed termination checklists prior to issuing a final paycheck.

B. Adopt and follow a written termination policy at MSU-Billings to ensure employees meet all obligations to the university. 7

University Response: Concur A-4

Recommendation #3

We recommend the university expedite criminal background checks at MSU-Bozeman for all positions for which they are required by campus policy. 8

University Response: Concur A-4

Recommendation #4

We recommend the university strengthen procedures designed to reduce the risk of unauthorized access to confidential student information as required by federal law. 9

University Response: Concur A-5

Recommendation #5

We recommend the university:

A. Establish oversight of its automotive program at MSU-Northern to ensure management administers the operation in compliance with campus policy.

B. Create work orders and charge fees at MSU-Great Falls automotive shop in compliance with campus policy.....10

University Response: Concur A-5

Chapter I — Introduction

Audit Objectives

We performed a financial-related audit of Montana State University (all campuses) for the two fiscal years ended June 30, 2007. The objectives of the audit were to:

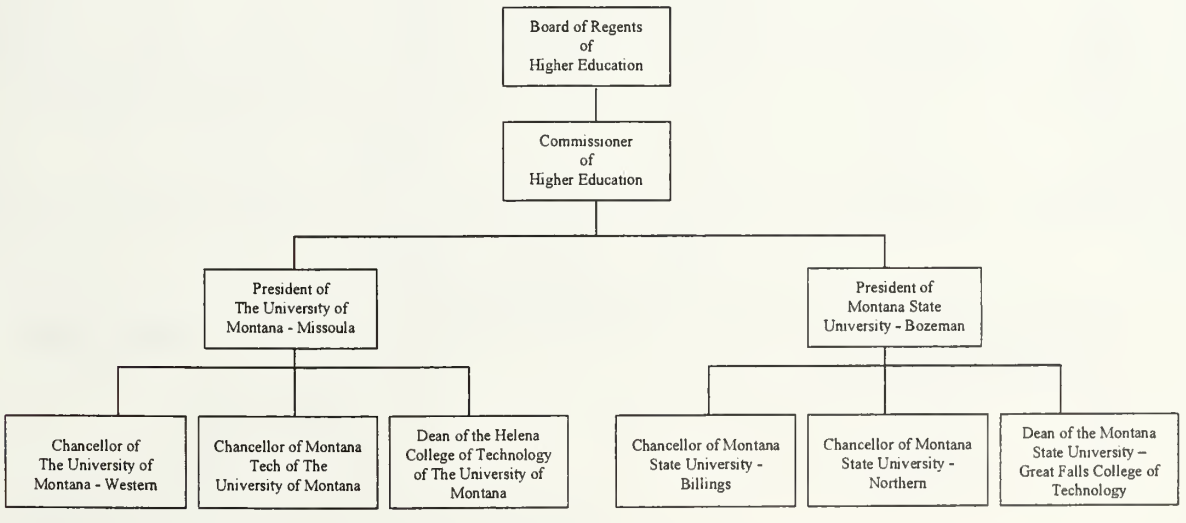
1. Determine whether the university complied with federal regulations applicable to student financial aid and research and development grants.
2. Determine whether the university complied with state laws and regulations applicable to university operations.
3. Provide university management with recommendations for improvements in its internal and management controls.
4. Determine the implementation status of the prior audit recommendation.

In accordance with section 5-13-307, MCA, we analyzed the cost of implementing the recommendations made in this report. The report sections disclose the cost, if significant, of implementing the recommendation. Other areas of concern deemed not to have a significant effect on the successful operation of university programs are not specifically included in the report, but have been discussed with management.

Background

The Board of Regents of Higher Education approved the current Montana University System structure in January 1994. The following chart illustrates the organization of the Montana University System.

Figure 1
Montana University System Organization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Dean of the Helena College of Technology of The University of Montana
Chancellor of Montana State University - Billings
Chancellor of Montana State University - Northern
Dean of the Montana State University – Great Falls College of Technology

Source: Compiled by the Legislative Audit Division from university information.

Montana State University consists of four campuses:

- Montana State University – Bozeman (MSU-Bozeman)
- Montana State University – Billings (MSU-Billings)
- Montana State University – Northern (MSU-Northern)
- Montana State University – Great Falls-College of Technology (MSU-GF CoT)

All campuses are accredited by the Northwest Commission on Colleges and Universities. The four campuses of Montana State University provide undergraduate and graduate academic and two-year vocational-technical programs to students.

The Agricultural Experiment Station (AES) comprises an integral element of the university's academic and research program. The Extension Service, Fire Services Training School, and AES provide outreach and continuing education to people in the communities of Montana.

Montana State University reported employee FTE (full-time equivalent) positions of 3,946.14 for fiscal year 2005-06. Of these positions, 1,224.64 FTE were contract faculty positions. The following table shows actual fiscal year 2005-06 FTE employees by campus and type.

Table 1
Montana State University Full-Time Equivalent Employees
Fiscal Year 2005-06 - Actuals All Funds

Agency	Contract Faculty	Contract Administrative	Contract Professional	Classified	Graduate Assistants	Part-Time & Other	Total
MSU – Bozeman	714.55	40.80	334.16	975.92	193.96	341.19	2,600.58
MSU – Billings	199.66	26.76	78.19	219.36	5.39	58.41	587.77
MSU – Northern	88.84	6.04	56.84	73.95		29.75	255.42
MSU – Great Falls College of Technology	66.82	4.00	26.75	49.80		8.39	155.76
Agricultural Experiment Station	59.72	0.59	41.35	69.74	9.33	10.57	191.30
Extension Service	92.06	1.20	6.47	34.11		13.09	146.93
Fire Services Training School	2.99		2.85	2.54			8.38
Total	**1,224.64**	**79.39**	**546.61**	**1,425.42**	**208.68**	**461.40**	**3,946.14**

Source: Compiled by the Legislative Audit Division from Office of the Commissioner of Higher Education "MUS Operating Budgets 2007."

The following table shows Montana State University student full time equivalent (FTE) enrollment for fiscal years 2005-06 and 2006-07.

Table 2
Montana State University Student FTE
Semester Average for Fiscal Years 2005-06, 2006-07

			2005-06	2006-07
MSU-Bozeman				
	Resident:	Undergraduate	7,456	7,299
		Graduate	633	609
		Total Residents	8,089	7,908
	Non-Resident:	Undergraduate	1,869	2,000
		Western Undergraduate Exchange	421	361
		Graduate	263	251
		Total Non-Residents	2,553	2,612
	Grand Total MSU-Bozeman		10,642	10,520
MSU-Billings				
	Resident:	COT	634	665
		Undergraduate	2,910	2,845
		Graduate	287	252
		Total Residents	3,831	3,762
	Non-Resident:	COT	7	6
		Undergraduate	102	92
		Western Undergraduate Exchange-MSUB	225	211
		Western Undergraduate Exchange-COT	26	29
		Graduate	28	34
		Total Non-Residents	388	372
	Grand Total MSU-Billings		4,219	4,134
MSU-Northern				
	Resident:	Undergraduate	1,071	1,010
		Graduate	71	75
		Total Residents	1,142	1,085
	Non-Resident:	Undergraduate	46	43
		Western Undergraduate Exchange	67	79
		Graduate	0	0
		Total Non-Residents	113	122
	Grand Total MSU-Northern		1,255	1,207
MSU-Great Falls-College of Technology				
	Resident:	Undergraduate	1,146	1,153
		Graduate	0	0
		Total Residents	1,146	1,153
	Non-Resident:	Undergraduate	40	58
		Western Undergraduate Exchange	1	1
		Graduate	0	0
		Total Non-Residents	41	59
Grand Total MSU-Great Falls-College of Technology			1,187	1,212
MSU TOTALS - ALL CAMPUSES				
	Total Residents		14,208	13,908
	Total Non-Residents		3,095	3,165
Grand Total MSU Student FTE			17,303	17,073

Source: Office of the Commissioner of Higher Education.

Montana State University Funding

The Montana legislature sets the state support for the Montana University System. The legislature appropriates general fund and six mill levy revenues in a lump sum appropriation for the educational units. The Board of Regents (board) then allocates the lump sum appropriation to the various programs and educational units funded by the lump sum appropriation. Personnel from the Commissioner of Higher Education's office said the board's formula that allocates state funds to the educational units is based upon resident enrollment, an analysis of faculty salaries in states with similar per capita income, the academic program offerings of the university, the necessary support expenditures, board priorities, and the amount of state funds available. The Commissioner of Higher Education's office calculated tuition paid by resident students at 38 percent of the anticipated cost of their education in fiscal year 2006-07 and estimated tuition coverage of 38 percent for 2007-08, based on funding enacted in the May 2007 Special Legislative Session.

Prior Audit Recommendation

Our office performed a financial-related audit of Montana State University (all campuses), for the two fiscal years ending June 30, 2005. The university concurred with and implemented our recommendation to improve close-out procedures for research and development grants.

Chapter II — Findings and Recommendations

Pledged Land Grant Income

Land grant income was spent to benefit campuses other than MSU-Bozeman, the legally designated land grant institution.

The Montana State University (MSU) - Bozeman campus was founded in February 1893 as the Agricultural College of the state of Montana. Section 20-25-221, MCA, designates MSU-Bozeman as the land grant institution for the state of Montana. As a land grant institution authorized by the Morrill Act of 1862, MSU-Bozeman receives part of its support from income generated from land granted to the state from the public domain in the 1889 Enabling Act. Under federal law, the land grants comprise a permanent endowment dedicated to support of the land grant institution.

In January 1994, the Board of Regents of Higher Education (board) approved the current organizational structure of the Montana University System. Under this structure enacted in section 20-25-201(2), MCA, Montana State University (university) consists of campuses in Bozeman, Billings, Havre and Great Falls. To increase flexibility of debt financing, improve the rating of bonded debt, and lower the cost of borrowing, university management proposed and the board approved a single master indenture for the bonds of Montana State University. Under this indenture, the university pledged revenues from each of the campuses to pay debt service and meet the commitments associated with all bonds issued under the indenture, regardless of which campus benefited from a specific issue. Land grant income was pledged in this indenture.

As a result of pledging land grant income to the indenture, the university subjects land grant income to a lien until commitments of the indenture are met. In order to enhance the salability of its bonds and to obtain favorable interest rates, the university pledges revenue to the master indenture that exceeds the annual costs by a significant margin. As a result, pledged revenues, including some land grant income, are released from pledge each year. To ensure compliance with land grant restrictions, the university must ensure land grant income, if any, released from pledge is used only to support programs of MSU-Bozeman.

MSU-Bozeman accounting management identified and confirmed $503,713 in transactions from land grant income funds released from pledge to pay expenses at campuses other than MSU-Bozeman. These payments violate the limitation of use of land grant income to support of the land grant institution, MSU-Bozeman.

To demonstrate compliance with the restrictions on the use of land grant income, the university should develop a plan to restore the support. In addition, MSU-Bozeman should continue the application of accounting procedures, implemented in fiscal year 2005-06, to track the use of land grant income and ensure compliance with terms of the land grant.

RECOMMENDATION #1

We recommend the university:

A. *Develop a plan to restore the funding for MSU-Bozeman lost through transfers of land grant income to campuses other than MSU-Bozeman.*

B. *Continue tracking disbursements of land grant income to limit its use to support only MSU-Bozeman, as required by federal law.*

Employment Processes

To staff their operations, each Montana State University (MSU) campus has a human resource office to coordinate hiring and termination processes. Hiring procedures include gathering and evaluating information about applicants to determine qualification for employment. Termination procedures ensure departing personnel return university property, relinquish access to MSU facilities, and remit money owed to the university prior to departure. In the following two sections, we discuss issues related to hiring and termination procedures.

Termination Checklists

Termination procedures should assign responsibility for determining whether employees have met their obligations to the university at the time of termination.

MSU-Bozeman

Written policy at MSU-Bozeman requires the departments which employed a terminating employee to provide the individual with a checklist. The employee has the responsibility to complete the requirements on the list. The list requires:

- personnel and payroll services staff to sign an assurance that the option to continue health insurance has been explained.
- business services office personnel to initial as confirmation that purchasing cards have been returned, travel advances repaid, and accounts receivable paid.
- a university police department representative to sign to attest that any fines have been paid and keys returned.

Of 30 personnel files of recently terminated employees that we selected, only six contained termination checklists. Without assigning responsibility for reviewing the checklists, the university lacks assurance that the employees completed the checklist requirements prior to receiving their final paycheck. As a result, there is risk that employees did not return keys, purchasing cards, or equipment and pay outstanding fines or travel advances.

MSU-Bozeman staff said the policy directs the employee to leave the checklist with the university office at which the last requirements are met. As a result, the policy does not assign final responsibility for ensuring the checklist actions have been completed. By designating Human Resources/Personnel and Payroll Services as the entity within the university administration that receives the completed checklist, the university can ensure all property has been returned before a final paycheck is issued.

MSU-Billings

MSU-Billings does not have a written policy establishing procedures to ensure employees satisfy any obligations to the university prior to termination. We noted one former employee did not return keys until we inquired four months after the termination date. University personnel said they generally send e-mail inquiries to the business office, campus police, and information technology center to document that bills have been paid, no fines are outstanding, and electronic access has been discontinued. Although the confirmations from these functions are usually placed in the personnel file, they are not always maintained. As a result, university personnel cannot demonstrate that keys have been returned. In addition, without an adopted policy, the university has not assigned responsibility for assuring that the terminating employee has fulfilled obligations prior to receiving a final paycheck. An MSU-Billings supervisor said the university is considering adoption of a written termination policy as part of its business process reengineering effort.

RECOMMENDATION #2

We recommend the university:

A. *Revise its termination policy at MSU-Bozeman to assign staff the responsibility for review of employee completed termination checklists prior to issuing a final paycheck.*

B. *Adopt and follow a written termination policy at MSU-Billings to ensure employees meet all obligations to the university.*

Criminal Background Checks

The university did not complete criminal background checks required by its policy for some of its new employees.

MSU-Bozeman policy requires the university to conduct criminal background checks on applicants applying for high risk positions such as cashiers and residence life custodians. The policy permits provisional hiring, contingent on the outcome of the background check, for employees who said they had no criminal record. Human resources personnel said they try to complete the background checks before the end of the probationary period for the positions, which is six months for cashiers and four months for custodians.

From a list of 62 people hired for classified positions furnished by the university, we identified two cashiers and one residence life custodian who had been hired in September 2006 for which the university had not completed a criminal background check as of April 5, 2007. By not completing the criminal background checks prior to hiring, the university increases the risk of hiring employees with a criminal record of actions posing risks to the persons and property of students or the university. By not completing the check during the probationary period as required by policy, the university takes on liability for not exercising due care in hiring as well as the added cost of terminating an employee who has attained permanent status.

MSU-Bozeman human resources personnel said that excessive workloads have prevented the university from initiating and completing the background checks in a shorter time period. Personnel at another campus, which conduct criminal background checks for all positions prior to hiring, said the process can be initiated and completed within 48 hours. The MSU-Bozeman police department conducts checks on its job applicants prior to interviewing them and MSU-Bozeman Health and Human Development completes criminal background checks of daycare workers prior to hiring.

RECOMMENDATION #3

We recommend the university expedite criminal background checks at MSU-Bozeman for all positions for which they are required by campus policy.

Safeguarding Confidential Information

Confidential student records are accessible to individuals other than those authorized to work with them.

All campuses of MSU gather and maintain confidential information related to administering financial aid, payroll, admissions, health services, and academic records. The federal Family Educational Rights and Privacy Act (FERPA) includes provisions to protect the privacy of student education records by limiting access to these records at all schools that receive funds from the U.S. Department of Education. Federal law requires "financial institutions" as defined by the Federal Trade Commission, to protect and secure customer information such as names, social security numbers, addresses, and account/credit card information. Universities must comply with this law because of the types of financial transactions they process for students.

Some MSU campuses have written policy restricting access to student and employee information only to those employees who have business reasons to access the information. For some campuses, the written policy states that any hard copy documents containing confidential information must be shredded on a timely basis.

We observed boxes containing sensitive information including names, social security numbers, loan information, and tax returns at student financial aid offices at MSU-Bozeman, MSU-Billings, and MSU-Great Falls College of Technology, and the admissions office at MSU-Billings. Personnel in various offices said these documents were shredded at their office daily, weekly, or in some cases monthly. In one instance, staff told us that documents accumulate for up to four months before being picked up by MSU Facilities Services for shredding. We noted some areas containing sensitive files and information are locked at night but are accessible outside of business hours to people who should not have unsupervised access, such as custodial staff.

Unlocked files or rooms accessible to unauthorized persons increase the risk that student and employee files could be read, and information in them used for inappropriate purposes. Untimely shredding of documents containing confidential information increases the risk that such information could be accessed and used by unauthorized persons. The university has a risk that unauthorized people will avail themselves of the opportunity to access confidential records. The university could be held liable for damages resulting from the misuse of inappropriately distributed confidential information. In addition, the Secretary of Education may withhold federal funds from an institution that does not comply with FERPA restrictions.

When we inquired of university management in the specific work areas where concerns were noted, some indicated it would be expensive to lock up student files and purchase a shredder. Others assessed risk of unauthorized access to records and unshredded disposal documents as limited but said obtaining a shredder was worth considering. University personnel should assess ways to enhance security of confidential records as part of their ongoing business process review.

RECOMMENDATION #4

We recommend the university strengthen procedures designed to reduce the risk of unauthorized access to confidential student information as required by federal law.

Automotive Program Controls

Automotive programs did not bill and collect for costs as required by university policy.

The university operates automotive programs at three of its campuses. To give students the practical experience needed to work in automotive repair, the programs require students to complete projects in the university's shop facilities. To document and control the use of parts, supplies, and facilities, each MSU campus has a work order process for the projects in its automotive programs. In reviewing the work order documentation for the projects, we noted several instances where controls over materials and cash could be improved.

MSU-Northern

MSU-Northern policies require automotive program instructors to issue a work order on all vehicles that stay in the shop overnight. Each work order must include an estimate signed by the instructor and be accompanied by a deposit of the amount of the estimate. When the repairs exceed the amount of the estimate, all work must stop until the estimate is recalculated and an additional deposit is made.

We inspected work order records and observed activity at the shop facility. We noted two vehicles in the shop that did not have work orders, ten outstanding bills totaling $756, a work order for an MSU-Northern instructor where the charges to date exceeded the estimate by $940, and three work orders on which the paint booth use fee was not included. By allowing certain customers to pick up their vehicles without paying the bill and permitting charges on a project in excess of the estimate, the chief instructor violated MSU-Northern policies requiring payment of actual costs.

In the course of our observations, we noted the chief instructor approved estimates on work orders, abated fees specified in policy, allowed work to continue when actual costs exceed estimates, and released vehicles from the shop prior to payment of bills. The chief instructor said the amounts owed by MSU employees could be offset against their wages, so the unpaid bills posed little risk of loss to the university.

Because one individual at the MSU-Northern auto shop estimates costs, abates required charges, manages supplies inventory, collects cash, and approves transactions, appropriate segregation of duties necessary to ensure proper use of university resources does not exist. The university should enhance control by providing an independent employee, possibly in the business office, with oversight of transactions at the automotive shop.

MSU-Great Falls-College of Technology

Of three projects observed in the automotive shop at MSU-Great Falls, two did not have work orders. Campus policy requires a work order and a $50 fee for each project to use university shop facilities. By not initiating a work order, there is a risk that valid job costs will not be recovered. The chief instructor said one of the vehicles belonged to him and the other project, consisting of three truck panels, did not have a work order because it had not yet been created. To ensure recovery of costs, the university should create a work order when the job enters the shop as required by campus policy.

RECOMMENDATION #5

We recommend the university:

A. *Establish oversight of its automotive program at MSU-Northern to ensure management administers the operation in compliance with campus policy.*

B. *Create work orders and charge fees at MSU-Great Falls automotive shop in compliance with campus policy.*

Montana State University (All Campuses)

University Response

MONTANA
STATE UNIVERSITY

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LEGISLATIVE AUDIT DIV.

October 19, 2007

Mr. Scott A. Seacat
Legislative Auditor
Legislative Audit Division
State Capitol, Room 135
P.O. Box 201705
Helena, MT 59620-1705

Dear Mr. Seacat:

Enclosed you will find Montana State University's response to the recommendations outlined in the narrative segment of our Financial-Related Audit Report dated October 2007.

Montana state University highly appreciated the Legislative Audit Division's efforts in regards to the Financial-Related Audit of the two fiscal years ended June 30, 2007. This audit identified areas for continued improvement.

Sincerely,

Geoffrey Gamble
President

Enclosure

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MONTANA STATE UNIVERSITY
Response to Legislative Audit Division Recommendations
Financial-Related Audit for the Two Fiscal Years Ended June 30, 2007

RECOMMENDATION #1

We recommend the university:

A. Develop a plan to restore the funding for MSU-Bozeman lost through transfers of land grant income to campuses other than MSU-Bozeman.
B. Continue tracking disbursements of land grant income to limit is use to support only MSU-Bozeman, as required by federal law.

Montana State University will implement the recommendation.

MSU did not believe that the transfer of funds from excess pledged revenues was in violation of the federal Morrill Act restrictions. It should be noted that these funds were not used by campuses to pay any debt service, nor to pay for any regular cost of operation. These funds were granted to the campuses, under a plan encouraged and endorsed by the Regents, as investments to enhance the campuses' financial strength and sustainability. However, MSU will record the necessary prior year accounting transactions to correct the manner in which funds were originally transferred to other MSU campuses. To have avoided confusion regarding the appropriate use of land grant funds at the time, MSU at Bozeman should have made the transfers out of its general operating funds, and then remedied any resultant general operating deficit with a subsequent transfer of land grant funds. This would have clearly documented the benefit of these transfers to MSU at Bozeman.

MSU regrets any misconception that was created by recording the transfers directly from excess pledged revenues to the other campuses, rather than by making the transfers from general operations.

MSU will continue to track transfers of Morrill Act income in a manner that allows us to demonstrate use that benefits MSU at Bozeman.

RECOMMENDATION #2

We recommend the university:

A. Revise its termination policy at MSU-Bozeman to assign staff the responsibility for review of employee completed termination checklists prior to issuing a final paycheck.
B. Adopt and follow a written termination policy at MSU-Billings to ensure employees meet all obligations to the university.

A. MSU at Bozeman concurs with the recommendation.

MSU at Bozeman will revise its current policy to reflect an approach similar to the State's decentralized approach. The department with the terminating employee has primary responsibility for notifying appropriate departments across campus of a pending termination.

B. MSU-Billings concurs with the recommendation.

MSU-Billings is in the process of formalizing a process for termination policies and procedures to ensure employees meet all obligations to the university.

RECOMMENDATION #3

We recommend the university expedite criminal background checks at MSU-Bozeman for all positions for which they are required by campus policy.

MSU at Bozeman concurs with the recommendation.

RECOMMENDATION #4

We recommend the university strengthen procedures designed to reduce the risk of unauthorized access to confidential student information as required by federal law.

MSU at Bozeman Financial Aid concurs with the recommendation.

The Office of Financial Aid Services is currently reviewing its procedures to reduce the risk of unauthorized access to confidential student information. We anticipate corrective action will be taken by the end of the current fiscal year.

MSU-Billings Financial Aid and Admissions concur with the recommendation.

MSU-Billings will put adequate procedures in place to reduce the risk of unauthorized access to confidential student information.

MSU-Great Falls-College of Technology Financial Aid concurs with the recommendation.

Shredding of sensitive documents containing confidential student information is accomplished on a daily basis in the student service and financial aid offices.

Students' academic and registration records are currently maintained in a lockable vault inside a lockable office. Both are secured during non-business hours. While the office is accessible to limited staff members during non-business hours, the vault is accessible only to individuals having a business reason to access those records.

Student financial aid records are currently stored in filing cabinets located inside a lockable office. The office is secured during non-business hours although it is accessible to a limited number of staff members during those hours. This will be rectified with the occupancy of new (currently under construction) space in January 2008.

In January 2008 the entire Student Service area including Financial Aid will occupy a newly constructed area of campus. Student financial aid records will be maintained in locking file cabinets inside a secure file room or vault. That space will be secured during non-business hours and will be available only to those employees having a business need to access the information.

RECOMMENDATION #5

We recommend the university:

A. Establish oversight of its automotive program at MSU-Northern to ensure management administers the operation in compliance with campus policy.
B. Create work orders and charge fees at MSU-Great Falls automotive shop in compliance with campus policy.

A. MSU-Northern concurs with the recommendation.

To ensure compliance with campus policy regarding recharge activity, effective Fall Semester 2007 expenditure and revenue activity will be reviewed by the administrative assistant in the Dean's office. Also, periodic spot checks will be performed by business office staff to ensure vehicles being worked on in the shops have work orders assigned to them.

B. MSU-Great Falls-College of Technology concurs with the recommendation.

Effective with the beginning of the Fall 2007 semester (August 2007), the Automotive program director prepares a pre-numbered work order at the time each new job is accepted into the shop area. This form includes the name and contact information of the vehicle owner along with notations of the work to be completed and an estimate of the cost involved.

The program director collects the requisite $50.00 deposit from the vehicle owner. The director brings a copy of the work order and the deposit fee to the Business Office for deposit. A receipt is issued by the Business Office to the vehicle owner for the amount of the funds received.